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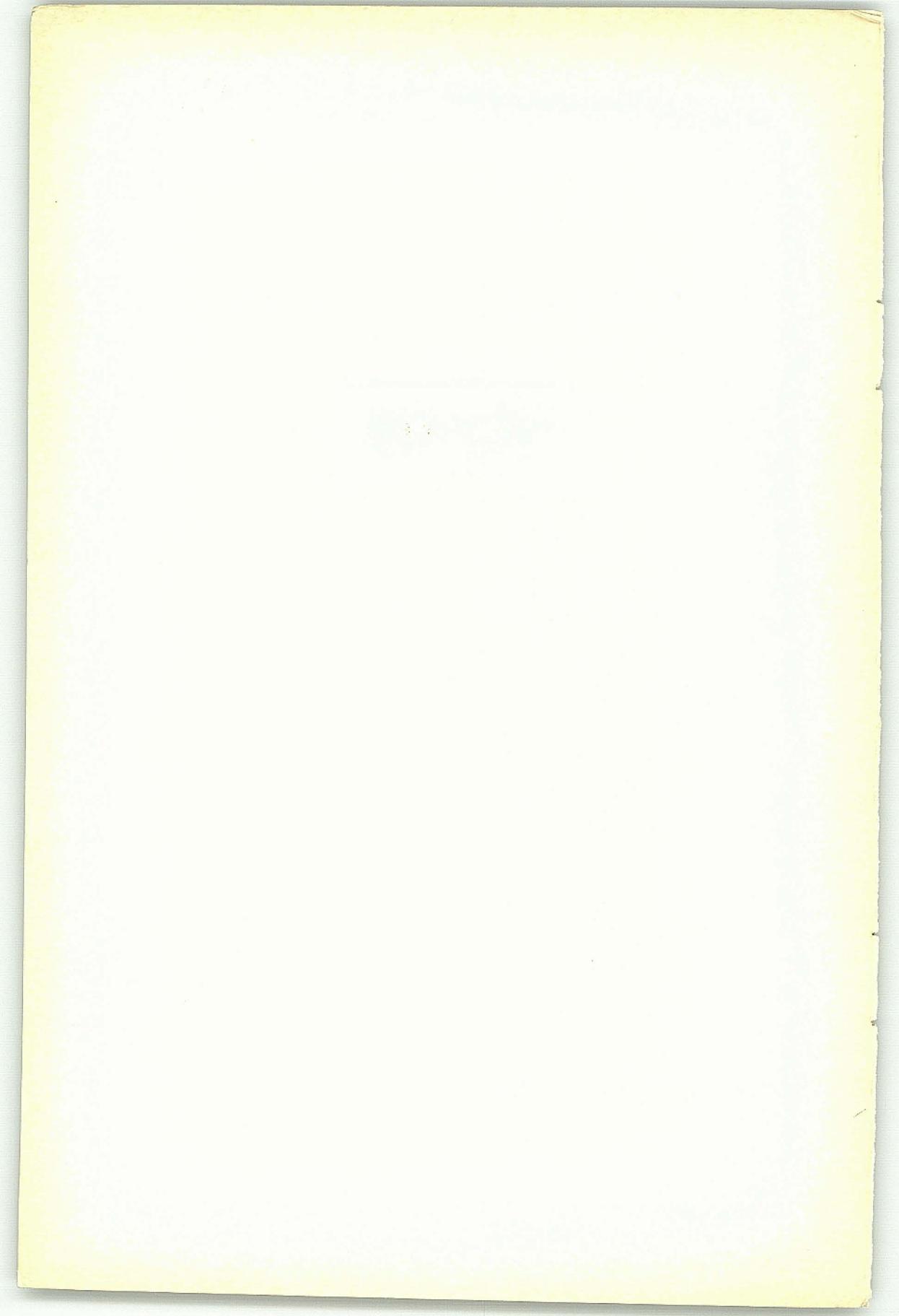
ANNUAL REPORT TO STOCKHOLDERS



1938

THE COCA-COLA COMPANY
WILMINGTON, DELAWARE

COCA-COLA
BOARDS
334.18
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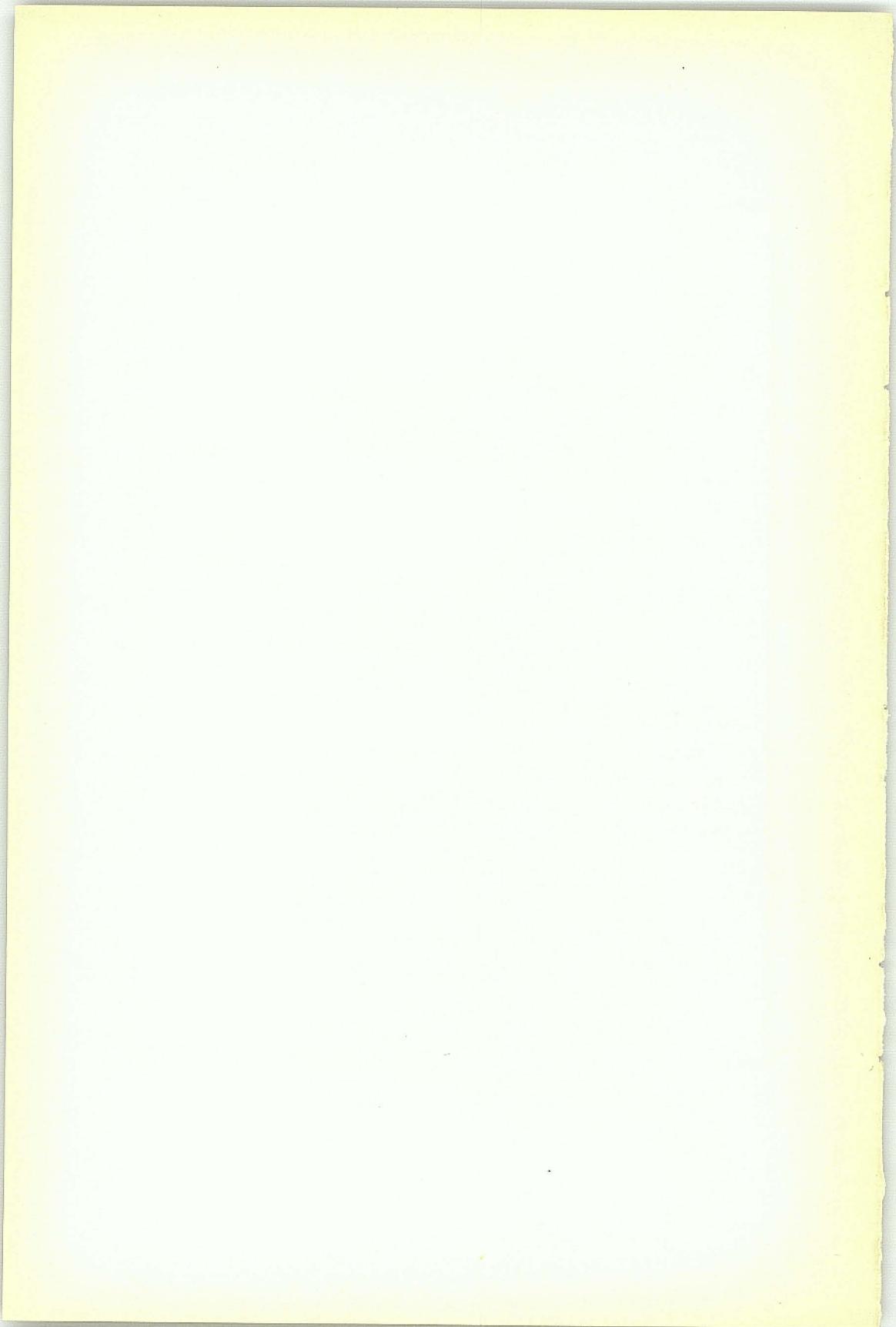
ANNUAL REPORT

THE COCA-COLA COMPANY
AND ITS SUBSIDIARIES

*

FOR THE YEAR
1938

APRIL 3, 1939



THE COCA-COLA COMPANY
WILMINGTON, DELAWARE

TO THE STOCKHOLDERS OF
THE Coca-Cola COMPANY:

More Coca-Cola was consumed in 1938 and a larger profit earned than in any previous year in the history of the Company.

This continued growth has required substantially enlarged production facilities. Raw material inventories and commitments have been increased. Employment and payrolls are at their highest level.

The consolidated balance sheet and statement of operations for 1938 are submitted herewith. Net earnings applicable to common stock, after taxes, Class "A" dividends, reserves and all charges, were \$23,770,877.19.

While further developing its advertising program, plant equipment and sales coverage here and abroad, your management will continue its endeavors to merit the acceptance being accorded the Company's product by the public.

Respectfully submitted,

R. W. WOODRUFF,
President.

April 3, 1939.

CONSOLIDATED
THE COCA-COLA COMPANY AND I
Decembe

ASSETS

CURRENT

Cash on deposit and placed on call . . .	\$ 8,854,691.83
Government securities — at cost, United States and foreign—(Mar- ket value \$3,074,989.87)	3,069,818.69
Accounts receivable — trade (Less re- serve of \$68,472.18)	3,669,936.92
Inventory — Merchandise including sugar stored in bonded warehouses— (Priced at lower of cost or market)	19,380,351.31
	\$34,974,798.75

INVESTMENTS AND OTHER ASSETS

Securities of affiliated Companies not consolidated — at cost	\$ 96,083.33
Accounts due from affiliated Companies not consolidated	671,486.25
Other securities investments—at cost (Market value \$2,442,715.00) . . .	602,199.36
Other receivables and miscellaneous .	656,722.47
	2,026,491.41

PROPERTY, PLANT AND EQUIPMENT—at cost

Land	\$ 2,051,150.58
Buildings	9,949,100.14
Machinery and equipment	5,983,454.73
Containers	2,668,016.42
	\$20,651,721.87
Less reserve for depreciation	5,438,146.80 15,213,575.07

FORMULAE, TRADE-MARK AND GOODWILL—

at cost	30,560,250.23
DEFERRED CHARGES	1,151,573.06
	<u>\$83,926,688.52</u>

BALANCE SHEET
TS WHOLLY OWNED SUBSIDIARIES
as of December 31, 1938

LIABILITIES

CURRENT

Accounts payable	\$ 2,734,785.00
Accrued expenses	36,117.40
Accrued taxes—including income and capital stock taxes	<u>7,110,220.62</u> \$ 9,881,123.02

RESERVE

For contingencies and miscellaneous operations	12,500,126.61
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CAPITAL STOCK

Class "A"—No par value:

\$3.00 preference dividend cumulative,
callable at \$52.50 per share.

Authorized and originally
issued 1,000,000 shares
Less retired 400,000 shares
Issued and out-
standing 600,000 shares \$ 3,000,000.00

Common—No par value:

Authorized and
issued 4,000,000 shares 25,000,000.00
\$28,000,000.00

SURPLUS—Earned 33,734,971.95
\$61,734,971.95

Less common stock owned by
Company—at cost—8,100 shares 189,533.06 61,545,438.89

\$83,926,688.52

CONSOLIDATED PROFIT AND LOSS STATEMENT
THE COCA-COLA COMPANY AND ITS WHOLLY OWNED SUBSIDIARIES
Year Ended December 31, 1938

GROSS PROFIT	\$50,694,758.72
EXPENSES	
Selling, branch, administrative and general	<u>17,651,645.69</u>
OPERATING PROFIT	
Other deductions	\$ 1,807,568.61
Less other income	<u>450,332.77</u>
	<u>1,357,235.84</u>
PROFIT BEFORE TAXES ON INCOME	
Provision for taxes on income—estimated	<u>6,115,000.00</u>
NET PROFIT	
	<u><u>\$25,570,877.19</u></u>

NOTE—Provision of \$1,107,442.60 for depreciation was charged to manufacturing and other expenses. Other deductions include interest paid \$66,980.56, and additions of \$1,102,136.69 to reserve for contingencies and miscellaneous operations.

CONSOLIDATED SURPLUS ACCOUNT

BALANCE—December 31, 1937	\$27,927,644.76
Net Profit for year ended December 31, 1938	<u>25,570,877.19</u>
	<u><u>\$53,498,521.95</u></u>

DEDUCTIONS	
Dividends paid in cash:	
CLASS "A":	
June 29, 1938—\$1.50 per share	\$ 900,000.00
Dec. 14, 1938—\$1.50 per share	<u>900,000.00</u>
	<u>1,800,000.00</u>

COMMON:	
Mar. 30, 1938—\$0.50 per share	\$ 2,000,000.00
June 29, 1938—\$0.50 per share	2,000,000.00
Sept. 30, 1938—\$0.75 per share	3,000,000.00
Dec. 14, 1938—\$0.75 per share	
plus \$2.00 per share extra	<u>11,000,000.00</u>
	<u><u>\$18,000,000.00</u></u>

Less dividends on stock owned by Company	<u>36,450.00</u>
	<u><u>17,963,550.00</u></u>

TOTAL DIVIDENDS PAID	<u>19,763,550.00</u>
SURPLUS—December 31, 1938	

	<u><u>\$33,734,971.95</u></u>
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ERNST & ERNST
ACCOUNTANTS AND AUDITORS
SYSTEM SERVICE

**THE COCA-COLA COMPANY,
Wilmington, Delaware.**

We have made an examination of the consolidated balance sheet of THE COCA-COLA COMPANY and its wholly owned subsidiaries as at December 31, 1938, and of the consolidated profit and loss and surplus statements for the year ended that date. In connection therewith we examined or tested accounting records of the Company and of its domestic subsidiaries, together with other supporting evidence, and obtained information and explanations from officers and employees of these Companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

Statements were furnished us for the foreign subsidiaries certified by other independent auditors. Current assets and current liabilities of the foreign subsidiaries, as of the close of their fiscal years, all within a period of sixty-one days, have been converted at the rates of exchange prevailing at December 31, 1938, fixed assets being converted at the rates in effect on the dates such assets were acquired. The addition to the reserve for contingencies and miscellaneous operations during the year includes sufficient provision for undistributed profits of such foreign subsidiaries as are affected by exchange restrictions.

In our opinion, based upon our examination and the statements of foreign subsidiaries above referred to, the accompanying consolidated balance sheet and related statements of profit and loss and surplus fairly present the consolidated position of the Company and its wholly owned subsidiaries at December 31, 1938, and the consolidated results of operations for the year ended at that date. Further, it is our opinion that the statements have been prepared in accordance with accepted principles of accounting, and on a basis consistent with the preceding year.

ERNST & ERNST.

February 28, 1939.

THE COCA-COLA COMPANY

DIRECTORS	A. A. ACKLIN	<i>Atlanta, Ga.</i>
	W. C. BRADLEY	<i>Columbus, Ga.</i>
	J. B. CAMPBELL	<i>Atlanta, Ga.</i>
	C. H. CANDLER	<i>Atlanta, Ga.</i>
	W. C. D'ARCY	<i>St. Louis, Mo.</i>
	S. C. DOBBS	<i>Atlanta, Ga.</i>
	MRS. LETTIE P. EVANS	<i>Hot Springs, Va.</i>
	EDWARD FINLAY	<i>Chattanooga, Tenn.</i>
	T. K. GLENN	<i>Atlanta, Ga.</i>
	HAROLD HIRSCH	<i>Atlanta, Ga.</i>
	J. P. ILLGES	<i>Columbus, Ga.</i>
	WINSHIP NUNNALLY	<i>Atlanta, Ga.</i>
	C. J. ROOT	<i>Terre Haute, Ind.</i>
	E. W. STETSON	<i>Greens Farms, Conn.</i>
	WALTER C. TEAGLE	<i>New York, N. Y.</i>
	D. A. TURNER	<i>Columbus, Ga.</i>
	C. A. WICKERSHAM	<i>Atlanta, Ga.</i>
	GEO. W. WOODRUFF	<i>Daytona Beach, Fla.</i>
	R. W. WOODRUFF	<i>Wilmington, Del.</i>

EXECUTIVE COMMITTEE	W. C. BRADLEY	J. B. CAMPBELL	C. H. CANDLER
	W. C. D'ARCY	T. K. GLENN	E. W. STETSON
	GEO. W. WOODRUFF	R. W. WOODRUFF	

TRANSFER AGENTS	WILMINGTON TRUST COMPANY . . .	<i>Wilmington, Delaware</i>
	GUARANTY TRUST COMPANY OF NEW YORK .	<i>New York, N. Y.</i>

REGISTRARS	EQUITABLE TRUST COMPANY . . .	<i>Wilmington, Delaware</i>
	CHASE NATIONAL BANK	<i>New York, N. Y.</i>

